

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Spring Lake</b>	County <b>Ottawa</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>10/27/04</b>	Date Accountant Report Submitted to State: <b>12/23/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |                                                                     |                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.                                                                                                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).                                                                                                                                                                                                      |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).                                                                                                                                                                                                                |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.                                                                                                                                                                                                                     |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).                                                                                                                                                                                                         |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).                                                                                                                                                                                                                                |

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>BDO Seidman, LLP</b>			
Street Address <b>99 Monroe Ave, NW Suite 800</b>		City <b>Grand Rapids</b>	State <b>MI</b>
Accountant Signature <i>BDO Seidman, LLP / Steven J. Seidman, Partner</i>		ZIP <b>49503-2654</b>	
		Date <b>12/16/04</b>	

# **Village of Spring Lake, Michigan**

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**Annual Financial Report**  
Year Ended June 30, 2004

# Village of Spring Lake, Michigan

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# Village of Spring Lake, Michigan

## Elected Officials and Appointed Officials

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### Elected Officials

#### *Village Council*

#### *Term Expires*

Mr. Daniel Keller - Village President	1/06
Mr. Melvin Hall	1/06
Mr. Jim Palma	1/08
Mr. Scott Van Strate	1/06
Mr. Fred Holland	1/08
Mr. William Filber	1/08
Mr. Tom Fischer	1/06

### Appointed Officials

Mr. Ryan Cotton - Village Manager

Ms. Maribeth Lawrence - Clerk/Treasurer

Mr. Robert Sullivan - Village Attorney



**BDO Seidman, LLP**  
Accountants and Consultants

99 Monroe Avenue NW, Suite 800  
Grand Rapids, Michigan 49503-2654  
Telephone: (616) 774-7000  
Fax: (616) 776-3680

## **Independent Auditors' Report**

Village Council  
Village of Spring Lake  
Spring Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Spring Lake as of June 30, 2004, which collectively comprises the Village's basic financial statements. These financial statements are the responsibility of the management of the Village. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2004, and the respective changes in financial position and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgeting comparison information on pages 13-22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, nonmajor governmental funds and the other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Spring Lake. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*BDO Seidman, LLP*

Grand Rapids, Michigan  
October 27, 2004





## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1) Financial Highlights

- a) In all material regards, the Village of Spring Lake ended the 2004 fiscal year in sound financial position. All funds ended the year with a positive fund balance.
- b) Total General Fund expenditures and other financing uses exceeded the current year budget by \$19,594. The reason for overage was primarily a transfer related to the Building Fund to pay for its share of the Village Hall renovation project, and due to contracted and general services for public works, the Village Manager's office and Central Park/Lakeside Trail repairs.
- c) Overall debt was lower due to annual bond repayments.
- d) Certain capital asset category beginning balances were adjusted as a result of the inclusion of infrastructure and other assets to comply with GASB Statement 34 requirements.
- e) Governmental activity net assets totaled \$3,743,797 as presented in the Government-Wide Financial Statement of Net Assets.
- f) Business-type activities net assets totaled \$3,875,419 as presented in the Government-Wide Financial Statement of Net Assets.
- g) Total expenses for governmental activities totaled \$2,003,014. A significant portion of these expenditures relate to the 2003 Village Hall project.
- h) Total expenses for business-type activities totaled \$548,120 as presented in the Government-Wide Statement of Activities.
- i) The General Fund is healthy although fund balance was reduced by \$14,319. Year-end fund balance for the General Fund totaled \$250,027.
- j) The Building Fund fund balance is \$436. This near-deficit will continue until increased development with increased fees or other new revenue to cover staff, equipment, building and other expenses associated with building inspection and plan code compliance reviews occurs. As noted in (b) above, the General Fund subsidized the Building Fund by \$28,000 for new facilities in 2004 (Village Hall renovation).
- k) The Public Improvement Fund realized an increase in fund balance of \$99,438. The ending fund balance is \$106,629. This increase in fund balance is due to a one time transfer in of \$90,000 from the Village Hall Capital Project Fund. These funds are tentatively slated to help pay for a Municipal Services Garage improvement in upcoming years.

## **2) Overview of Financial Statements**

### **a) Government-wide Financial Statements**

The financial statements provide two views of the Village's financial position. At the broadest level, the Government-wide statements summarize all Village funds into one statement using the full accrual method of accounting. This method of accounting is similar to private sector, for-profit accounting. The more detailed level is the fund financial presentation.

#### **i) Statement of Net Assets**

The focus of the Statement of Net Assets is designed to be similar to the bottom line results for the Village and its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Village's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases and decreases in net assets can serve as a barometer of financial health and whether the Village's financial position is improving or deteriorating. A trend of increasing net assets is viewed as a sign of improving condition. The Statement of Net Assets is similar to a balance sheet in private sector accounting.

#### **ii) Statement of Activities**

The Statement of Activities is focused on both the gross and net cost of the various activities which are supported by the Village's general tax and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and/or the subsidy to various business-type activities.

### **b) Fund Financial Statements**

Traditional users of governmental financial statements will find the fund financial presentation more familiar. These statements provide more detailed information about the Village's most significant funds (Major Funds), not the Village as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to maintain control over resources that have been segregated for specific activities or objectives. In addition to major funds, the Village presents individual fund data for nonmajor funds in the supplementary information section.

#### **i) Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed. In the governmental fund statements, accounting for items such as capital outlay, depreciation and debt payments are different than in the government-wide statements. In governmental funds, capital outlay and debt principal are reported on the Statement of Revenues, Expenditures and Changes in Fund Balance. Depreciation is not recorded. The balance sheet for governmental

funds does not include any capital assets or long-term debt. Governmental funds include the general fund, special revenue funds, capital project funds and debt service funds.

#### (1) Major Funds

Under GASB Statement 34, the focus shifted from fund type to a major funds emphasis. Major funds are the largest funds in terms of assets, liabilities, revenues or expenses/expenditures. The following funds meet this requirement:

- General Fund
- Major Street
- Local Street
- Village of Spring Lake/City of Ferrysburg Police Department
- Tax Increment Financing Authority Fund
- 2003 Village Hall Capital Projects

#### (2) Nonmajor Funds

In the basic financial statements, the remaining governmental funds are considered nonmajor funds and are combined into one column. These are smaller funds. Detailed information about nonmajor funds can be found in the Other Supplementary Information section of the annual financial report.

#### ii) Proprietary Funds

Proprietary funds are used to account for the services provided by the Village where the Village charges customers (whether external or internal) for the services it provides. These funds use accrual accounting. The Village maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

- (1) Enterprise funds are used to report business-like activities. In general, these funds charge a fee for goods or services provided. The fee is expected to recover the cost of providing the goods or services. The Village of Spring Lake uses enterprise funds for water distribution and wastewater collection.
- (2) Internal service funds provide goods or services to other Village activities or functions. Internal service funds facilitate cost allocation of centralized services such as vehicle purchases and maintenance. The Village of Spring Lake has two internal service funds: the Central Equipment and the Police Equipment Fund.

#### iii) Component Units

The Village of Spring Lake's Annual Financial Report includes three component units. Component units are separate legal entities for which the Village of Spring Lake has some level of financial accountability. The Village of Spring Lake's three component units are the Central Business District Development Authority, the Tax Increment

Financing Authority and the Village of Spring Lake/Village of Ferrysburg Police Department. More information about this component unit can be found in the Notes to the Financial Statements and in the schedules following the Notes to Financial Statements.

**c) Notes to the Financial Statements**

Immediately after the government-wide financial statements are the Notes to Financial Statements. The notes are an integral part of the financial statements. The notes contain many additional disclosures about the financial health of the Village.

**3) Government-Wide Financial Analysis**

**a) Net Assets**

The Statement of Net Assets provides an overview of the Village's assets, liabilities, and net assets. As mentioned above, this can provide a good indicator of the Village's fiscal year health over time. Since GASB Statement 34 was adopted during this fiscal year, only one year of data is presented in the following tables. A comparative analysis of government-wide data will be presented in future years when the information becomes available.

Below is a summarized version of the Statement of Net Assets. See the Proprietary Fund Statement of Net Asset for a breakdown of the business-type activities.

<b>June 30, 2004</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current and other assets	\$ 2,011,936	\$ 237,737	\$ 2,249,673
Capital assets, net of accumulated depreciation	5,735,109	4,871,051	10,606,160
<b>Total assets</b>	<b>7,747,045</b>	<b>5,108,788</b>	<b>12,855,833</b>
<b>Liabilities</b>			
Long-term liabilities	3,130,755	1,177,597	4,308,352
Other liabilities	872,493	55,772	928,265
<b>Total liabilities</b>	<b>4,003,248</b>	<b>1,233,369</b>	<b>5,236,617</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	2,650,593	3,710,874	6,361,467
Restricted	604,095	17,945	622,040
Unrestricted	489,109	146,600	635,709
<b>Total Net Assets</b>	<b>\$ 3,743,797</b>	<b>\$ 3,875,419</b>	<b>\$ 7,619,216</b>

The total net assets of the Village are \$7,619,216. Net assets totaling \$622,040 are restricted for public safety, public works, culture and recreation, capital projects and for debt service. The Village has \$635,709 in unrestricted net assets.

**b) Changes in Net Assets**

- i) The following table shows how activities affected changes in net assets during the fiscal year.

<b>June 30, 2004</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 161,939	\$ 616,477	\$ 778,416
Operating grants and contributions	736,399	-	736,399
General revenues:			
Property taxes	1,541,511	-	1,541,511
Other taxes	254,887	-	254,887
Investment earnings	22,894	1,192	24,086
<b>Total revenues</b>	<b>2,717,630</b>	<b>617,669</b>	<b>3,335,299</b>
<b>Expenses</b>			
General government	324,977	-	324,977
Public safety	812,203	-	812,203
Public works	381,984	-	381,984
Culture and recreation	327,271	-	327,271
Other	21,337	-	21,337
Interest and fiscal charges	135,242	-	135,242
Water	-	272,314	272,314
Sewer	-	275,806	275,806
<b>Total expenses</b>	<b>2,003,014</b>	<b>548,120</b>	<b>2,551,134</b>
Change in net assets before transfers	714,616	69,549	784,165
Net Transfers	108,298	(108,298)	-
Change in net assets	822,914	(38,749)	784,165
<b>Net Assets, beginning of year, as restated</b>	<b>2,920,883</b>	<b>3,914,168</b>	<b>6,835,051</b>
<b>Net Assets, end of year</b>	<b>\$ 3,743,797</b>	<b>\$ 3,875,419</b>	<b>\$ 7,619,216</b>

(1) Revenue sources and changes

Total revenue from all sources totaled \$3,335,299, of which \$2,717,630 was from governmental activities and \$617,669 was from business-type activities. Total revenue from governmental activities is \$2,717,630, of which 57% or \$1,541,511 is from property taxes. The millage rate remained unchanged from the prior year at 13.1619 out of the 20-mill charter limit. Another 6% or \$161,939 of governmental activities revenue was funded through charges for services.

(2) Expenses

(a) Expenses by function

Using a full accrual basis of accounting, the Village of Spring Lake spent \$2,003,014 on governmental activities. This equates to 16% on general government, 41% on public safety (The City of Ferrysburg is a partner in the Spring Lake/Ferrysburg Police Department and contributed \$377,602 towards its operation), 19% on public works, 16% on culture and recreation, 1% on other and 7% on interest and fiscal charges.

(b) Transfers

Significant transfers of funds between governmental funds occurred during the year. Transfers out of the General Fund totaled \$471,772, the greatest portion of these being transferred into the Police Department Special Revenue Fund for a total of \$430,272. These transfers occur on an annual basis as part of normal government operations. Please see Note 4 in the Notes to Financial Statements for more detailed information on interfund activity.

ii) Business-Type Activity Highlights

Business-type activities show a decrease in net assets of \$38,749 from revenues of \$617,669. The largest source of revenue was from charges for services, which represent 98% of revenues for business-type activities.

(1) Village Water (Distribution)

In recent years, the fund has been stable in net assets and is showing a slight increase in cash flow anticipated from current water rates. The Village is looking at major infrastructure projects including helping to pay for rehabilitation of the NOWS plant and a small amount of expansion related to the Village.

Note that this fund handles only the distribution of water to the Village of Spring Lake customers and purchases its treated water from the Northwest Ottawa Water Systems (NOWS), a joint venture of Northwest Ottawa communities. Note also that NOWS is working to resolve the south intake water quality issues and anticipates a substantial increase in the size of the water plant within five years.

(2) Village Sewer (Collection)

Although, the Village Sewer Fund has a sufficient cash position at \$94,870, with operating revenues of \$247,346, the fund had a net decrease of \$70,237 in net assets. The fund has sufficient reserves to meet its cash flow and capital needs for the immediate future, especially since debt service of \$17,795 per year is coming off in fiscal year 2005. The future is less certain given flat revenues and increasing lift station costs.

**4) Financial Analysis of Individual Funds**

**a) General Fund**

The General Fund had revenues of \$1,144,801 and \$728,848 in expenditures. Net transfers to other funds and component units were \$430,272, the largest going to the Village of Spring Lake/City of Ferrysburg Police Department Special Revenue Fund, pursuant to the Joint Police Commission's recommendation and the direction of the Spring Lake Village Council. The fund balance decreased by \$14,319. The difference was due to a one-time contribution to the Building Fund to cover the cost of the capital investment in the Village Hall for the Building Department renovated offices. Otherwise, the General Fund operating expenditures were overall within budget.

**5) Capital Assets and Debt Administration**

**a) Capital Assets**

**i) Summary of capital assets**

The Village of Spring Lake has \$10,606,160 invested in capital assets net of accumulated depreciation, \$5,735,109 in governmental activities and \$4,871,051 in business-type activities. The major investments are in real property, buildings and infrastructure.

Capital assets include all purchases of assets that exceed \$5,000. Capital assets include: land and land improvements, buildings and improvements, machinery and equipment, motor vehicles and infrastructure such as streets and sidewalks. The Village uses straight-line depreciation for all depreciable assets.

Some of the major capital purchases during the year included:

- Village Hall Renovation and Furniture (\$1,549,065)
- Lakeside Beach Expansion (\$38,344)
- Lake Avenue and Liberty Street Reconstruction (\$398,076)

For additional information, please see Note 5 in the Notes to Financial Statements for more detailed information on capital assets.

ii) Discussion of future plans

Annually, the Village Council considers and publishes a 6-year capital improvement plan. The plan lists all major capital items that the Village Council, various Village boards and staff envision will be needed over the next three years. Listed major projects for the next two years include:

- Parking Lot Repairs (\$40,000)
- Municipal Services Garage Expansion (\$170,000)
- 209 South Park Waterfront Acquisition (\$209,500)
- 210 South Cutler Waterfront Acquisition (\$107,385)
- Transfers to Local Streets for Street Reconstruction (\$110,000)

**6) Debt**

**a) Summary of debt**

The Village of Spring Lake had \$3,130,755 of debt outstanding for governmental activities and \$1,177,597 in debt outstanding for business-type activities as of June 30, 2004.

**b) Anticipated debt**

The Village of Spring Lake anticipates the short-term borrowing to finance local street reconstruction. (These instruments will be repaid by future tax dollars generated from completion of the longstanding Tax Increment Financing District projects on December 31, 2005.) The borrowing is anticipated in Fiscal Year 2006.

For additional information, please see Note 7 of the Notes to Financial Statements for more detailed information on debt and other obligations.

**7) Economic Forecast**

**a) Main Sources of Revenue**

The Village of Spring Lake has three main sources of revenue. These include property taxes, utility charges, and state shared revenue. The economic forecast for the community is dependent on these three revenues, as discussed below.

i) Tax Base

The annual change in taxable value and state equalized value of the Village is closely tracked through the Spring Lake Township Assessing Division. The following table shows property values for the past three years as well as the property valuation that will be used in the Fiscal Year 2005 property tax calculations. State Equalized Value (SEV) is the Assessor's estimate of 50% of market value (also called "true cash" value). Property taxes are calculated on taxable value, not state equalized value. Taxable value is tracked in the Village's budget and is reproduced below.



Pursuant to 1994's Proposal A and related legislation, annual taxable value growth is capped, by state constitution, to 5% or the rate of inflation whichever is less. In the year when property sells, the taxable value becomes uncapped and equals SEV.

In future years, significant improvements to taxable value will include the Marina Bay condominiums (48); the Harbor Steel/East Village Redevelopment (\$4,000,000 of new commercial development and 48 condominiums); the Rite Aid Relocation and the Kieft Property Redevelopment (30 condominiums). Some reductions in taxable value have occurred with various business and industrial changes during the fiscal year herein reported: Holiday Inn revaluation, Reds Taxi and Harbor Steel.

<i>Fiscal Year</i>	Real and Personal	TIFA Capture	Total
2001	\$ 63,245,498	\$ 13,044,526	\$ 76,290,024
2002	66,576,446	14,950,729	81,527,175
2003	69,050,368	13,436,154	82,486,522
2004	71,575,297	14,382,156	85,957,453

#### ii) State Shared Revenue

State shared revenue is the second largest source of revenue for the General Fund. It represents 18% of General Fund revenue. State shared revenue is made up of two components and based on the State sales tax rate of 6%. The constitutional component is based on the former 4% sales tax rate. This portion cannot be adjusted by the legislature. This total is \$170,000 in Fiscal Year 2005. The statutory component is based on the additional 2% added to the State sales tax and can be adjusted by the State legislature. This total is \$50,320 in Fiscal Year 2005. In both components, the overall distribution is dependent on the collection of the State sales taxes. When the economy and sales diminish, the revenue stream is reduced. When the economy and sales improve, revenue increases. Therefore, the Village of Spring Lake's General Fund is partially dependent on the overall State of Michigan economy.

In preparing the annual budgets, Village Administration uses the Michigan Department of Treasury's estimates as published on their web site. The current fund balance will enable the Village to weather any likely reductions in Fiscal Year 2005 state shared revenue; however, conservative estimates for the future are needed. The statutory share of \$50,320 is at significant risk in future State budgets.

#### iii) Utility and Other Major Revenue

Utility charges will likely remain stable. Increased water debt will drive the debt service charge up as the Nows facilities are upgraded in the next five years.

Tanglefoot Park hosts over thirty recreational vehicles and twenty boat slips. Together these activities produced \$65,578 in Fiscal Year 2004. This represents the revenue equivalent of one mill and is 5% of total revenue. Cable TV franchise fees resulted in \$28,238 of revenue in Fiscal Year 2004. This represents almost one half mill of revenue

and 2.4% of total revenue. Changes in the cable industry associated with wireless technology could reduce this amount in the near future.

#### **8) Contacting the Village's Financial Management Staff**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact us at 102 W. Savidge, Spring Lake, Michigan 49456, or call us at (616) 842-1393 or email us at the addresses noted below:

Ryan Cotton  
Village Manager  
[rvan@springlakevillage.org](mailto:rvan@springlakevillage.org)

Maribeth Lawrence  
Village Clerk/Treasurer  
[maribeth@springlakevillage.org](mailto:maribeth@springlakevillage.org)

# **Government-Wide Financial Statements**

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# Village of Spring Lake, Michigan

## Government-Wide Financial Statements Statement of Net Assets

<i>June 30, 2004</i>	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and investments (Note 3)	\$ 1,624,160	\$ 138,472	\$ 1,762,632
Accounts receivable	422,535	45,957	468,492
Internal balances	(35,363)	35,363	-
Prepaid expenses	604	-	604
Restricted cash (Note 3)	-	17,945	17,945
Capital assets not being depreciated (Note 5)	2,006,671	8,092	2,014,763
Capital assets, net of accumulated depreciation (Note 5)	3,728,438	4,862,959	8,591,397
<b>Total Assets</b>	<b>7,747,045</b>	<b>5,108,788</b>	<b>12,855,833</b>
<b>Liabilities</b>			
Accounts payable	755,976	35,796	791,772
Accrued liabilities	116,517	19,601	136,118
Deposits	-	375	375
Noncurrent liabilities (Note 7):			
Due within one year	386,015	140,004	526,019
Due in more than one year	2,744,740	1,037,593	3,782,333
<b>Total Liabilities</b>	<b>4,003,248</b>	<b>1,233,369</b>	<b>5,236,617</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	2,650,593	3,710,874	6,361,467
Restricted for:			
Public safety	112,191	-	112,191
Public works	122,756	-	122,756
Cultural and recreation	287,536	-	287,536
Debt service	81,612	-	81,612
Capital projects	-	17,945	17,945
Unrestricted	489,109	146,600	635,709
<b>Total Net Assets</b>	<b>\$ 3,743,797</b>	<b>\$3,875,419</b>	<b>\$ 7,619,216</b>

# Village of Spring Lake, Michigan

## Government-Wide Financial Statements Statement of Activities

Year ended June 30, 2004	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>						
<b>Primary Government</b>						
Governmental activities:						
General government	\$ 324,977	\$ 73,857	\$ 9,457	\$ (241,663)	\$ -	\$ (241,663)
Public safety	812,203	21,245	384,864	(406,094)	-	(406,094)
Public works	381,984	-	334,982	(47,002)	-	(47,002)
Cultural and recreation	327,271	66,837	7,096	(253,338)	-	(253,338)
Other	21,337	-	-	(21,337)	-	(21,337)
Interest and fiscal charges	135,242	-	-	(135,242)	-	(135,242)
Total governmental activities	2,003,014	161,939	736,399	(1,104,676)	-	(1,104,676)
Business-type activities:						
Water	272,314	369,131	-	-	96,817	96,817
Sewer	275,806	247,346	-	-	(28,460)	(28,460)
Total business-type activities	548,120	616,477	-	-	68,357	68,357
<b>Total Primary Government</b>	<b>\$2,551,134</b>	<b>\$ 778,416</b>	<b>\$ 736,399</b>	<b>(1,104,676)</b>	<b>68,357</b>	<b>(1,036,319)</b>
General revenues:						
Property taxes levied for general purposes				796,622	-	796,622
Property taxes levied for debt service				78,051	-	78,051
Property taxes other				666,838	-	666,838
Other taxes				254,887	-	254,887
Unrestricted investment earnings				22,894	1,192	24,086
Transfers				108,298	(108,298)	-
Total general revenues and transfers				1,927,590	(107,106)	1,820,484
Change in net assets				822,914	(38,749)	784,165
Net Assets, beginning of year, as restated (Notes 12 and 13)				2,920,883	3,914,168	6,835,051
Net Assets, end of year				\$3,743,797	\$3,875,419	\$7,619,216

# **Fund Financial Statements**

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<i>June 30, 2004</i>	Special Revenue Funds				
	General	Major Street	Local Street	Police Department	TIFA
<b>Assets</b>					
Cash and investments (Note 3)	\$ 178,946	\$ 65,675	\$ 25,166	\$ 120,329	\$ 617,594
Accounts receivable	130,262	33,916	12,552	22,685	116,433
Due from other funds (Note 4)	-	-	-	-	-
Prepaid expenditures	604	-	-	-	-
<b>Total Assets</b>	<b>\$ 309,812</b>	<b>\$ 99,591</b>	<b>\$ 37,718</b>	<b>\$ 143,014</b>	<b>\$ 734,027</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 46,932	\$ 11,416	\$ 64	\$ 2,224	\$ 553,120
Due to other funds (Note 4)	-	-	-	-	-
Accrued liabilities	12,853	1,718	1,355	28,599	-
<b>Total liabilities</b>	<b>59,785</b>	<b>13,134</b>	<b>1,419</b>	<b>30,823</b>	<b>553,120</b>
<b>Fund balances</b>					
Reserved for:					
Prepaid expenditures	604	-	-	-	-
Debt service	-	-	-	-	-
Unreserved:					
Reported in General Fund	249,423	-	-	-	-
Reported in Special Revenue Funds	-	86,457	36,299	112,191	180,907
Reported in Capital Projects Fund	-	-	-	-	-
<b>Total fund balances</b>	<b>250,027</b>	<b>86,457</b>	<b>36,299</b>	<b>112,191</b>	<b>180,907</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 309,812</b>	<b>\$ 99,591</b>	<b>\$ 37,718</b>	<b>\$ 143,014</b>	<b>\$ 734,027</b>

# Village of Spring Lake, Michigan

## Governmental Funds Balance Sheet

2003 Village Hall Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$163,745	\$ 226,704	\$1,398,159
25,593	38,487	379,928
-	3,734	3,734
-	-	604
<u>\$189,338</u>	<u>\$ 268,925</u>	<u>\$1,782,425</u>
\$139,365	\$ 30	\$ 753,151
3,734	-	3,734
-	4,535	49,060
<u>143,099</u>	<u>4,565</u>	<u>805,945</u>
-	-	604
-	148,467	148,467
-	-	249,423
-	115,893	531,747
<u>46,239</u>	<u>-</u>	<u>46,239</u>
<u>46,239</u>	<u>264,360</u>	<u>976,480</u>
<u>\$189,338</u>	<u>\$ 268,925</u>	<u>\$1,782,425</u>



# Village of Spring Lake, Michigan

## Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

*June 30, 2004*

Total fund balances - total governmental funds	\$ 976,480
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Capital assets, at cost	11,827,886
Accumulated depreciation	<u>(6,092,777)</u>
Net capital assets	5,735,109
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	229,818
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at June 30, 2004 were:	
Bonds payable	(3,130,755)
Accrued interest on bonds	<u>(66,855)</u>
Net Assets of Governmental Activities	<u>\$ 3,743,797</u>

<i>Year ended June 30, 2004</i>	Special Revenue Funds				
	General	Major Street	Local Street	Police Department	TIFA
<b>Revenues</b>					
Taxes	\$ 744,153	\$ 69,164	\$ -	\$ -	\$599,432
Intergovernmental	254,887	282,301	52,681	7,202	-
Licenses and permits	3,914	-	-	-	-
Charges for services	113,496	-	-	-	-
Investment earnings	2,380	702	153	633	4,599
Contributions and reimbursements	7,451	-	-	377,602	-
Other	18,520	-	-	60	-
<b>Total revenues</b>	<b>1,144,801</b>	<b>352,167</b>	<b>52,834</b>	<b>385,497</b>	<b>604,031</b>
<b>Expenditures</b>					
Current:					
General government	265,816	-	-	-	196,423
Public safety	9,363	-	-	809,448	-
Public works	198,760	118,444	96,761	-	-
Cultural and recreation	252,356	-	-	-	11,732
Other	2,553	-	-	-	529
Debt service	-	-	-	-	66,972
Interest	-	-	-	-	3,060
Capital outlay	-	209,345	12,107	-	-
<b>Total expenditures</b>	<b>728,848</b>	<b>327,789</b>	<b>108,868</b>	<b>809,448</b>	<b>278,716</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>415,953</b>	<b>24,378</b>	<b>(56,034)</b>	<b>(423,951)</b>	<b>325,315</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	41,500	1,267	42,000	443,272	-
Transfers out	(471,772)	(51,000)	-	-	(585,006)
<b>Net other financing sources (uses)</b>	<b>(430,272)</b>	<b>(49,733)</b>	<b>42,000</b>	<b>443,272</b>	<b>(585,006)</b>
<b>Net change in fund balances</b>	<b>(14,319)</b>	<b>(25,355)</b>	<b>(14,034)</b>	<b>19,321</b>	<b>(259,691)</b>
<b>Fund Balances, beginning of year</b>	<b>264,346</b>	<b>111,812</b>	<b>50,333</b>	<b>92,870</b>	<b>440,598</b>
<b>Fund Balances, end of year</b>	<b>\$ 250,027</b>	<b>\$ 86,457</b>	<b>\$ 36,299</b>	<b>\$ 112,191</b>	<b>\$180,907</b>

# Village of Spring Lake, Michigan

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

2003 Village Hall Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 128,762	\$1,541,511
-	-	597,071
-	26,009	29,923
-	-	113,496
12,372	2,447	23,286
-	-	385,053
7,510	1,592	27,682
19,882	158,810	2,718,022
-	40,602	502,841
-	-	818,811
-	-	413,965
-	42,631	306,719
-	-	3,082
-	303,240	370,212
-	144,204	147,264
1,649,416	-	1,870,868
1,649,416	530,677	4,433,762
(1,629,534)	(371,867)	(1,715,740)
357,327	484,122	1,369,488
(99,260)	(54,152)	(1,261,190)
258,067	429,970	108,298
(1,371,467)	58,103	(1,607,442)
1,417,706	206,257	2,583,922
\$ 46,239	\$ 264,360	\$ 976,480

# Village of Spring Lake, Michigan

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

*Year ended June 30, 2004*

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Net change in fund balances - total governmental funds \$ (1,607,442)

Amounts reported for governmental activities in the statement of activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities,  
the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	2,032,077
Depreciation expense	(81,692)

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces  
long-term liabilities in the statement of net assets. 370,212

Some expenses reported in the statement of activities do not require the use of current  
financial resources and therefore are not reported as expenditures in governmental funds.  
Accrued interest 12,022

Internal service funds are used by management to charge the costs of certain activities, such as  
insurance, to individual funds. The net revenue (expense) of the internal service funds is reported  
in governmental activities. 97,737

<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 822,914</u></b>
--------------------------------------------------------	--------------------------

# Village of Spring Lake, Michigan

## Proprietary Funds Statement of Net Assets

June 30, 2004	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Department	Sewer Department	Total	
<b>Assets</b>				
Current assets:				
Cash and investments (Note 3)	\$ 43,602	\$ 94,870	\$ 138,472	\$ 226,001
Restricted cash (Note 3)	17,945	-	17,945	-
Accounts receivable	13,935	32,022	45,957	42,607
Total current assets	75,482	126,892	202,374	268,608
Noncurrent assets:				
Capital assets, net of accumulated depreciation (Note 5)	3,927,909	943,142	4,871,051	219,160
<b>Total Assets</b>	<b>4,003,391</b>	<b>1,070,034</b>	<b>5,073,425</b>	<b>487,768</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	11,314	24,482	35,796	2,825
Accrued liabilities	2,849	2,537	5,386	602
Accrued interest payable	14,215	-	14,215	-
Current portion of long-term liabilities (Note 7)	122,584	17,420	140,004	23,186
Deposits	375	-	375	-
Total current liabilities	151,337	44,439	195,776	26,613
Noncurrent liabilities, net of current portion (Note 7)	1,037,593	-	1,037,593	-
<b>Total Liabilities</b>	<b>1,188,930</b>	<b>44,439</b>	<b>1,233,369</b>	<b>26,613</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	2,767,732	943,142	3,710,874	219,160
Unrestricted	46,729	82,453	129,182	241,995
<b>Total Net Assets</b>	<b>\$2,814,461</b>	<b>\$ 1,025,595</b>	<b>3,840,056</b>	<b>\$461,155</b>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.			35,363	
<b>Net Assets of Business-Type Activities</b>			<b>\$3,875,419</b>	

# Village of Spring Lake, Michigan

## Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets

<i>Year ended June 30, 2004</i>	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Department	Sewer Department	Total	
<b>Operating Revenues</b>				
Charges for services	\$ 360,178	\$ 243,506	\$603,684	\$ 303,200
Interest and penalties	4,065	3,507	7,572	1,324
Other	4,888	333	5,221	139
Total operating revenues	369,131	247,346	616,477	304,663
<b>Operating Expenses</b>				
Personnel services	55,402	51,950	107,352	11,293
Materials and supplies	73,429	152,339	225,768	77,078
Benefit payments and refunds	17,699	15,891	33,590	3,805
Depreciation	121,276	39,430	160,706	63,452
Other	5,255	11,730	16,985	18,179
Total operating expenses	273,061	271,340	544,401	173,807
Operating income (loss)	96,070	(23,994)	72,076	130,856
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	344	848	1,192	-
Gain (loss) on disposal of assets	-	(25,091)	(25,091)	3,960
Interest expense and charges	(13,991)	-	(13,991)	(1,716)
Total nonoperating revenues (expenses)	(13,647)	(24,243)	(37,890)	2,244
Income (loss) before transfers	82,423	(48,237)	34,186	133,100
<b>Other Financing Uses</b>				
Transfers out	(86,298)	(22,000)	(108,298)	-
Change in net assets	(3,875)	(70,237)	(74,112)	133,100
<b>Net Assets, beginning of year, as restated (Note 12)</b>	<b>2,818,336</b>	<b>1,095,832</b>		<b>328,055</b>
<b>Net Assets, end of year</b>	<b>\$2,814,461</b>	<b>\$1,025,595</b>		<b>\$ 461,155</b>

Adjustment to reflect the current year effect for the consolidation of  
internal service fund activities related to enterprise funds.

35,363  
\$ (38,749)

# Village of Spring Lake, Michigan

## Proprietary Funds Statement of Cash Flows

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Department	Sewer Department	Total	
<i>Year ended June 30, 2004</i>				
<b>Cash Flows From (for) Operating Activities</b>				
Receipts from customers	\$ 369,475	\$ 243,506	\$ 612,981	\$ -
Payments to suppliers	(148,211)	(170,407)	(318,618)	(129,781)
Payments to employees	(55,402)	(51,950)	(107,352)	(11,293)
Benefit payments	(17,699)	(15,892)	(33,591)	(12,651)
Other payments	-	-	-	1,464
Payments from (for) interfund services used	(24,320)	(31,327)	(55,647)	304,916
<b>Net cash from (for) operating activities</b>	<b>123,843</b>	<b>(26,070)</b>	<b>97,773</b>	<b>152,655</b>
<b>Cash Flows for Capital and Related Financing Activities</b>				
Proceeds from sale of capital assets	-	-	-	3,960
Principal paid on long-term debt	(113,450)	(17,085)	(130,535)	(32,560)
Interest paid	(13,991)	-	(13,991)	(1,716)
Purchase of capital assets	(8,937)	(16,925)	(25,862)	(59,621)
<b>Net cash for capital and related financing activities</b>	<b>(136,378)</b>	<b>(34,010)</b>	<b>(170,388)</b>	<b>(89,937)</b>
<b>Cash Flows From Investing Activity</b>				
Investment earnings	344	848	1,192	-
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(12,191)</b>	<b>(59,232)</b>	<b>(71,423)</b>	<b>62,718</b>
<b>Cash and Investments, beginning of year</b>	<b>73,738</b>	<b>154,102</b>	<b>227,840</b>	<b>163,283</b>
<b>Cash and Investments, end of year</b>	<b>\$ 61,547</b>	<b>\$ 94,870</b>	<b>\$ 156,417</b>	<b>\$ 226,001</b>

# Village of Spring Lake, Michigan

## Proprietary Funds Statement of Cash Flows

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
<i>Year ended June 30, 2004</i>	Water Department	Sewer Department	Total	
<b>Reconciliation of Operating Income to Net Cash From (for)</b>				
<b>Operating Activities</b>				
Operating income (loss)	\$ 96,070	\$ (23,994)	\$ 72,076	\$ 130,856
Adjustments to reconcile operating income to net cash from (for) operating activities:				
Depreciation expense	121,276	39,430	160,706	63,452
Intergovernmental	(86,298)	(22,000)	(108,298)	-
Changes in assets and liabilities:				
Accounts receivable	(836)	(29,109)	(29,945)	(42,131)
Accounts payable	(4,917)	8,875	3,958	344
Deposits	(75)	-	(75)	-
Accrued liabilities	(1,377)	728	(649)	134
<b>Net Cash From (for) Operating Activities</b>	<b>\$ 123,843</b>	<b>\$ (26,070)</b>	<b>\$ 97,773</b>	<b>\$ 152,655</b>



# Village of Spring Lake, Michigan

## Fiduciary Fund Statement of Fiduciary Net Assets

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<i>June 30, 2004</i>		Agency Fund
<b>Asset</b>		
Cash and investments (Note 3)	\$	338,682
<b>Liabilities</b>		
Accounts payable	\$	329,063
Due to other governments		9,619
<b>Total Liabilities</b>	\$	338,682

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *The Reporting Entity*

The accompanying financial statements present the Village of Spring Lake (the Village) and its component units, entities for which the Village is financially accountable.

#### *Blended Component Units*

The basic criterion for including another entity in the Village's financial statements is the exercise of oversight responsibility by the Village's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Accordingly, the Village has included the Tax Increment Financing Authority, Spring Lake/Ferrysburg Police Department and the Central Business District Development Authority in its basic financial statements.

This report does not include the operations of the Spring Lake Economic Development Commission (EDC), which was inactive during fiscal 2004. The treatment of the Grand Haven/Spring Lake Sewer Authority and the Northwest Ottawa Water System is discussed in Note 6.

#### *Basis of Presentation*

*Government-wide financial statements:* The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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*Fund financial statements:* The fund financial statements provide information about the Village's funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, it is the Village's policy to use restricted resources first.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Major and Local Streets Special Revenue Funds* account for the maintenance and construction of all major streets, trunk lines and local streets. Revenues are generated from PA51 State Shared Gas and Weight Taxes and charges for services.

The *Spring Lake/Ferrysburg Police Department Special Revenue Fund* accounts for specific revenue set aside for the purpose of providing health protection for people within the Village. Revenues are generated through state grants and General Fund appropriations.

The *Tax Increment Financing Authority Special Revenue Fund* accounts for specific revenues set aside for the purpose of constructing public improvements required to attract private investment and promote retail commercial and industrial business activity within the Village. Revenues are generated by the collection of taxes.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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The *2003 Village Hall Capital Projects Fund* accounts for financial resources used for the renovation to Village Hall. Financing is provided primarily through the issuance of bonds.

The Village reports the following major enterprise funds:

The *Water Fund* accounts for the operation and maintenance, capital additions, improvements and retirement of revenue bonds of the water supply system. Financing is provided primarily by user charges.

The *Sewer Fund* accounts for the operation and maintenance, capital additions, improvements and retirement of bonds of the sewage disposal system. Financing is provided primarily by user charges.

Additionally, the Village reports the following funds:

*Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Village has four debt service funds: 2000 Street, Water, 2003 Village Hall and Downtown Development.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds). The Village has two capital projects funds: 2000 Street and 2003 Village Hall.

*Internal Service Funds* are used to account for central equipment and police equipment provided to other departments and funds on a cost reimbursement basis. The Village has two internal service funds: Central Equipment and Police Equipment.

### ***Measurement Focus and Basis of Accounting***

*Government-wide and proprietary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide and enterprise fund financial statements follow applicable accounting and financial reporting standards of the Financial Accounting Standards Board issued through November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal period except taxes, which must be collected within 60 days. Taxes, intergovernmental revenues and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

### ***Budgets and Budgetary Controls***

The budgetary data reflected in the financial statements is established by the Village using the procedures outlined as follows:

- Prior to February, the Village Manager and the Village Council develop an initial schedule of goals and objectives for the next year.
- During February, the various department heads develop spending plans which are based upon anticipated needs. These plans are then modified for the Manager's projections and are consolidated into a preliminary budget plan.
- During March, the plan is subjected to revision by the Council as considered necessary and is then formalized as a preliminary budget resolution.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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- Prior to the end of June, a public hearing is held and the resolution is adopted.
- The budget is integrated with the accounting system and is used as a management control device during the year. The Village Manager is authorized to transfer budgeted amounts between accounts within the same department of any fund. Transfers between departments and funds must be approved by the Village Council.
- Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles. Unexpended appropriations lapse at year-end.
- Budgeted amounts are as originally adopted or as amended by the Village Council during the fiscal year. Individual amendments were not material in relation to the original appropriations.

### *Cash and Investments*

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the Village Clerk/Treasurer. Investments consist primarily of money market mutual funds. Investments are carried at fair value. Interest income earned as a result of cash pooling is distributed to the appropriate funds, based on their average monthly balance during the year.

For purposes of the statement of cash flows, all investments with a maturity of three months or less when purchased are considered to be cash equivalents.

### *Capital Assets*

Capital assets, which include infrastructure, property, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets having a useful life in excess of three years and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated fixed assets are stated at their market value as of the donation date. Infrastructure assets, including roads, bridges and underground pipe, are included.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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Depreciation is recorded in the government-wide and proprietary fund financial statements using the straight-line method over the estimated useful lives of the related assets as follows:

	Years
Lift station	30
Machinery and equipment	3-15
Water mains	50
Sewer service mains	50

### *Interfund Obligations*

The due from and due to other funds, reflected in the fund financial statements, are amounts owed for goods or services rendered and include only short-term obligations on open account.

### *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

### *Property Taxes*

Village property taxes are attached as an enforceable lien on property as of July 1. Real property taxes not collected as of September 15 are turned over for collection to Ottawa County, which later advances the Village 100% of these delinquent taxes. Collection of the delinquent personal property taxes remains the responsibility of the Village Treasurer.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

The taxable value of real and personal property located in the Village totaled \$82,529,971. The tax levy for that year was based on the following rates:

	Millage Rate Used	Authorized Millage Rate by State Law or Village Charter
General operating (including Harbor Transit)	10.4839	20.0000
Debt service	2.6780	As required for debt service
<b>Total Levy</b>	<b>13.1619</b>	

### *Compensated Absences*

Village employees earn vacation in varying amounts, based on length of service. Unused vacation time does not accumulate from year to year.

Sick leave is accumulated at the rate of one day per month of employment. Unused sick leave accumulates from year to year to a maximum of 700 hours of sick leave. Sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. It is the Village's policy to recognize the cost of sick leave at the time payments are made.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.



# Village of Spring Lake, Michigan

## Notes to Financial Statements

### 2. Compliance

#### *Expenditures Over Appropriations*

P.A. 621 of 1978 provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2004 the Village incurred expenditures in certain budgeted funds that were in excess of the amounts appropriated. Available revenues or fund balance funded the following over-expenditures:

<i>Fund</i>	Appropriated	Expended	Excess Expenditures
Special Revenue Funds:			
Major Street	\$ 320,598	\$ 327,789	\$ 7,191
Public Improvement	39,567	42,631	3,064
Historic Commission	500	2,342	1,842
Debt Service Funds:			
Water	117,548	118,652	1,104
Downtown Development Authority	223,361	223,531	170
	\$ 701,574	\$ 714,945	\$ 13,371

### 3. Cash and Investments

At June 30, 2004, the carrying amount of the Village's deposits was \$2,101,115 and the bank balances totaled \$2,223,571. Of the bank balance, \$121,315 was insured and \$2,102,256 was uninsured and uncollateralized.

At June 30, 2004, the Village has restricted certain assets and interest earnings on deposit with Ottawa County in the Water Fund for construction in future years in the amount of \$17,945.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

Statutes and various bond indentures authorized the Village to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously.

The Village's investments consist of a Local Units of Government Fund (LUG) and money market funds. The carrying and market value of the LUG Fund was \$852,944 and the money market funds were \$888,174. These investments are not subject to categorization in accordance with GASB Statement No. 3. Each fund type's portion of these investments is included in the cash balance on the statement of net assets.

### 4. Interfund Activity

Transfers between funds during the year ended June 30, 2004 were as follows:

<i>Fund</i>	Transfers In	Transfers Out
General Fund	\$ 41,500	\$ 471,772
Special Revenue Funds:	-	-
Major Street	1,267	51,000
Local Street	42,000	-
Police Department	443,272	-
TIFA	-	585,006
2003 Village Hall Capital Projects Fund	357,327	99,260
Proprietary Funds:	-	-
Water	-	86,298
Sewer	-	22,000
Nonmajor Governmental Funds	484,122	54,152
	\$ 1,369,488	\$ 1,369,488

# Village of Spring Lake, Michigan

## Notes to Financial Statements

Interfund balances at June 30, 2004 are as follows:

<i>Fund</i>	Interfund Receivable	Interfund Payable
2003 Village Hall Capital Projects	\$ -	\$ 3,734
Nonmajor Governmental Funds	3,734	-
	\$ 3,734	\$ 3,734

## 5. Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 2,006,671	\$ -	\$ -	\$ 2,006,671
Capital assets being depreciated:				
Land improvements	755,925	-	-	755,925
Buildings and improvements	924,635	1,549,065	-	2,473,700
Machinery and equipment	212,078	108,723	89,199	231,602
Motor vehicles	427,388	35,833	233,937	229,284
Infrastructure	5,732,628	398,076	-	6,130,704
<b>Totals at historical cost</b>	<b>10,059,325</b>	<b>2,091,697</b>	<b>323,136</b>	<b>11,827,886</b>
Less accumulated depreciation for:				
Land improvements	228,181	32,246	-	260,427
Buildings and improvements	342,417	17,346	-	359,763
Machinery and equipment	139,607	15,310	86,679	68,238
Motor vehicles	293,256	43,775	233,940	103,091
Infrastructure	5,267,310	33,948	-	5,301,258
<b>Total accumulated depreciation</b>	<b>6,270,771</b>	<b>142,625</b>	<b>320,619</b>	<b>6,092,777</b>
<b>Governmental Activities - Net Capital Assets</b>	<b>\$ 3,788,554</b>	<b>\$ 1,949,072</b>	<b>\$ 2,517</b>	<b>\$ 5,735,109</b>

# Village of Spring Lake, Michigan

## Notes to Financial Statements

Depreciation expense was charged to governmental functions as follows:

General government	\$ 54,592
Public safety	30,620
Public works	25,167
Cultural and recreation	32,246
<b>Total Depreciation Expense</b>	<b>\$ 142,625</b>

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
<b>Business-Type Activities</b>				
Capital assets not depreciated:				
Land	\$ 8,092	\$ -	\$ -	\$ 8,092
Capital assets being depreciated:				
General plant	4,299,989	5,573	-	4,305,562
Mains	1,981,282	-	-	1,981,282
Machinery and equipment	586,256	20,291	49,358	557,189
Totals at historical cost	6,875,619	25,864	49,358	6,852,125
Less accumulated depreciation for:				
General plant	1,206,510	86,000	-	1,292,510
Mains	412,913	47,283	-	460,196
Machinery and equipment	225,212	30,728	27,572	228,368
Total accumulated depreciation	1,844,635	164,011	27,572	1,981,074
<b>Business-Type Activities - Net Capital Assets</b>	<b>\$ 5,030,984</b>	<b>\$ (138,147)</b>	<b>\$ 21,786</b>	<b>\$ 4,871,051</b>

## 6. Joint Ventures

### *Grand Haven/Spring Lake Sewer Authority*

The Village is a member of the Grand Haven – Spring Lake Sewer Authority (the “Authority”). The Village can appoint two members to the joint venture’s governing board, which then approves the annual budget. In the current year, the Village paid \$96,762 to the Authority for sewage treatment. The purpose of the Grand Haven-Spring Lake Sewer Authority is to acquire, own, improve, enlarge, extend, and operate a sewage disposal system. The Authority is governed by a Board of Trustees containing seven members. The

# Village of Spring Lake, Michigan

## Notes to Financial Statements

participating communities (Cities of Grand Haven and Ferrysburg, Townships of Spring Lake and Grand Haven, Village of Spring Lake, and County of Ottawa) pay a set rate to the Authority to process waste. This rate includes amounts to finance the Authority's debt. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street).

### *Northwest Ottawa Water System*

The Village is also a member of the Northwest Ottawa Water Treatment Plant. The Village appoints one member to the joint venture's governing board, which then approves the annual budget. In the current year, the Village paid \$107,980 to the plant to purchase water. The purpose of the Northwest Ottawa Water Treatment Plant is to acquire, construct, finance, operate, and maintain a water production facility. The plant is governed by an administrative committee composed of one representative from each of the participating communities (Cities of Grand Haven and Ferrysburg, Townships of Grand Haven and Spring Lake, and County of Ottawa). These participating communities pay for water at a rate that is estimated to cover operation, maintenance, replacement, and debt service. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street).

## 7. Long-Term Obligations

Changes in long-term liabilities for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
<b>Governmental Activities</b>					
3.6% to 4.7% Northwest Ottawa Water Supply System Bonds - 1998 refinancing to be repaid with semi-annual interest and principal payments ranging from \$84,760 to \$122,576	\$ 893,240	\$ -	\$ 78,240	\$ 815,000	\$ 84,760

# Village of Spring Lake, Michigan

## Notes to Financial Statements

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
5.15% to 6.25% Downtown Development Bonds to be repaid with semi-annual interest and principal payment of \$225,000	\$ 430,000	\$ -	\$ 205,000	\$ 225,000	\$ 225,000
4.9% to 7.0% 2000 Street Bonds to be repaid with semi-annual interest and annual principal payments ranging from \$20,000 to \$55,000	410,000	-	20,000	390,000	20,000
5.13% Retail Installment Contract, maturing \$5,836 monthly, including interest	90,041	-	66,972	23,069	23,069
2.50% to 4.75% 2003 General Obligation Capital Improvement Bond to be repaid with semi-annual interest and annual principal payment ranging from \$10,000 to \$155,000	1,445,000	-	-	1,445,000	10,000
2.9% Installment Contract - Fifth Third Bank, interest to be paid annually with full principal balance and remaining interest due July 1, 2005	209,500	-	-	209,500	-
Retail Installment Contract, maturing at an average payment \$725	10,635	-	8,365	2,270	2,270
Retail Installment Contract, maturing at an average payment \$2,123	45,111	-	24,195	20,916	20,916
<b>Total Long-Term Liabilities Governmental Activities</b>	<b>\$ 3,533,527</b>	<b>\$ -</b>	<b>\$ 402,772</b>	<b>\$ 3,130,755</b>	<b>\$ 386,015</b>

# Village of Spring Lake, Michigan

## Notes to Financial Statements

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
<b>Business-Type Activities</b>					
5.0% to 7.4% Northwest Ottawa Water Treatment Plant Refunding Bonds to be repaid with semi-annual interest and principal payments ranging from \$43,829 to \$50,219	\$ 330,079	\$ -	\$ 46,567	\$ 283,512	\$ 50,219
6.5% to 9.5% Northwest Ottawa Water Treatment System Bonds - Series 1989 to be repaid with semi-annual interest and principal payments ranging from \$43,281 to \$65,265	360,675	-	39,846	320,829	43,281
6.8% to 7.6% Northwest Ottawa County Series 1989 Refunding Bonds to be repaid with semi-annual interest and principal payments ranging from \$22,134 to \$26,350	300,390	-	21,080	279,310	22,134
3.6% to 4.3% Grand Haven/Spring Lake Sewer Authority 1998 Series B Bonds to be repaid with semi-annual interest and principal payment of \$17,420	34,505	-	17,085	17,420	17,420
4.6% to 5.2% Ottawa County 2002 Water Supply Bonds to be repaid with semi-annual interest and principal payments ranging from \$6,950 to \$29,787	282,483	-	5,957	276,526	6,950
<b>Total Long-Term Liabilities - Business-Type Activities</b>	<b>\$ 1,308,132</b>	<b>\$ -</b>	<b>\$ 130,535</b>	<b>\$ 1,177,597</b>	<b>\$ 140,004</b>

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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The General Long-Term Obligation bonds are backed by the full faith and credit of the Village. Current debt service requirements are funded by Village property tax revenues and are accounted for in the related Debt Service Funds.

In 1989, bonds in the amount of \$2,035,000 were issued by Ottawa County on behalf of the Northwest Ottawa Water System to construct transmission mains. The Village has assumed responsibility for the retirement of 21.08% of this obligation.

The Village is obligated for 13.74% of \$4,980,000 in 1989 general obligation bonds issued by Ottawa County on behalf of the Northwest Ottawa Water System.

The Village is also obligated for 9.1308% of \$8,380,000 in 1986 refunding bonds issued by Ottawa County on behalf of the Northwest Ottawa Water System for the construction of the original water system. The Village's obligation included a one-time catch-up payment of \$436,734 to participating entities for prior principal and interest repayments on the issue.

The Ottawa County Water Supply Bonds (Village of Spring Lake System) were issued pursuant to the provisions of Act 342, Public Acts of Michigan, 1939, as amended, and pursuant to a resolution adopted by the Board of Commissioners of the County of Ottawa for the purpose of paying the cost of constructing water system improvements to service the Village. Ottawa County and the Village have entered into a contract in which the Village has agreed to pay the County for the principal and interest on the bonds as they become due and payable. Current debt service payments are funded by rates and charges for the use of the system and by ad valorem taxes.



# Village of Spring Lake, Michigan

## Notes to Financial Statements

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2004, are as follows:

<i>Year ending June 30,</i>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2005	\$ 386,015	\$ 131,229	\$ 140,004	\$ 72,244
2006	333,388	119,671	127,153	63,791
2007	188,008	107,168	131,953	55,395
2008	194,096	99,070	136,752	46,637
2009	191,488	90,738	142,695	37,563
2010 – 2014	627,760	345,520	310,349	90,345
2015 – 2019	285,000	252,735	131,599	33,266
2020 – 2024	410,000	183,132	57,092	4,822
2025 – 2030	515,000	64,601	-	-
	<u>\$ 3,130,755</u>	<u>\$ 1,393,864</u>	<u>\$ 1,177,597</u>	<u>\$ 404,063</u>

### 8. Retirement Plans

The Village has two retirement plans. These are money purchase plans with the ICMA Retirement Corp. and are 401(a) qualified plans. One is a retirement program covering qualified employees, to which the Village is required to contribute 5% of the employees' gross wages. Each participating employee is required to contribute a minimum of 1%, but no more than 10%, of gross wages. Total contributions by the Village for the year ended June 30, 2004 were \$39,221. The second is a retirement plan covering the Village Manager, to which the Village is required to contribute 10% of the manager's gross wages. Total contributions by the Village for the year ended June 30, 2004 were \$6,450.

The Village also has a police officers' retirement program in which each participant is required to contribute an amount equal to the "tax on employees" for which the participant would otherwise be liable for if his or her compensation constituted "wages" under the Federal Insurance Contributions Act. The Village is required to make matching contributions to the plan. Total contributions by the Village for the year ended June 30, 2004 were \$36,333.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

### 9. Risk Management

The Village purchases insurance and participates in public entity risk pools for the various risks associated with Village operations.

The Village is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village obtains its liability insurance coverage as a member of the Michigan Municipal Liability and Property Pool (MMLPP), a public entity risk pool providing liability and property coverage to its participating members. The Village pays an annual premium to MMLPP for liability insurance coverage. The MMLPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrences based coverage by internally insuring certain risks and reinsuring risks through commercial companies. A \$1,000 deductible is maintained to place the responsibility for small charges with the Village. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Village manages its workers' compensation risk by participating in the Michigan Municipal League Workers' Compensation Fund (MMLWCF), a public entity risk pool providing workers' compensation coverage to its participating members. The Village pays an annual premium to MMLWCF for its workers' compensation coverage. The MMLWCF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

### 10. Litigation

The Village is subject to various legal proceedings which normally occur in governmental operations. In the opinion of management and the Village attorney, the outcome of these lawsuits will not materially affect the financial condition of the Village and, accordingly, no provision for losses has been recorded.

# Village of Spring Lake, Michigan

## Notes to Financial Statements

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### 11. Commitments

As disclosed in Note 6, the Village is a member of the Grand Haven-Spring Lake Sewer Authority and the Northwest Ottawa Water Treatment Plant. The Village, along with the other participating communities, has pledged their full faith and credit for repayment of the outstanding debt of these entities. For all debt, the amount the Village is required to contribute to these entities for repayment of debt is not a fixed amount, but is based on the volume of sewage treated and water purchased and is included in the rate charged by these entities.

### 12. Restatement of Net Assets

The net assets at the beginning of the year has been restated as a result of capitalizing the fixed assets, recording the beginning accumulated depreciation and removing the previously recorded investment related to the joint ventures described in Note 6.

	Water Department Fund
Balance June 30, 2003, as originally reported	\$ 4,179,819
GASB 34 adjustment	(1,361,483)
<b>Restated Net Assets at June 30, 2003</b>	<b>\$ 2,818,336</b>

	Sewer Department Fund
Balance June 30, 2003, as originally reported	\$ 1,219,370
GASB 34 adjustment	(123,538)
<b>Restated Net Assets at June 30, 2003</b>	<b>\$ 1,095,832</b>

# Village of Spring Lake, Michigan

## Notes to Financial Statements

### 13. New Pronouncements

In 2004, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

During 2004, the Village also changed its policy for capitalizing fixed assets by raising the capitalization threshold to \$5,000.

The conversion of governmental activities fund balance to net assets at July 1, 2003 is as follows:

<u>July 1,</u>	<u>2003</u>
Beginning fund balance	\$ 2,583,922
Net capital assets	3,565,564
Bonds payable	(3,477,781)
Accrued interest	(78,877)
Internal service funds	328,055
<u>Net Assets as of July 1, 2003</u>	<u>\$ 2,920,883</u>

# **Required Supplementary Information**

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# Village of Spring Lake, Michigan

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 738,416	\$ 737,448	\$ 744,153	\$ 6,705
Intergovernmental	230,506	220,320	254,887	34,567
Licenses and permits	3,300	3,700	3,914	214
Charges for services	106,780	111,480	113,496	2,016
Investment earnings	6,000	6,000	2,380	(3,620)
Contributions and reimbursements	11,000	11,299	7,451	(3,848)
Other	9,115	12,183	18,520	6,337
<b>Total revenues</b>	<b>1,105,117</b>	<b>1,102,430</b>	<b>1,144,801</b>	<b>42,371</b>
<b>Expenditures</b>				
Current:				
General government	278,724	271,799	265,816	5,983
Public safety	9,600	9,600	9,363	237
Public works	189,108	190,596	198,760	(8,164)
Cultural and recreation	215,009	262,759	252,356	10,403
Other	2,500	2,500	2,553	(53)
<b>Total expenditures</b>	<b>694,941</b>	<b>737,254</b>	<b>728,848</b>	<b>8,406</b>
<b>Excess of revenues over expenditures</b>	<b>410,176</b>	<b>365,176</b>	<b>415,953</b>	<b>50,777</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	41,500	41,500	41,500	-
Transfers out	(443,272)	(443,772)	(471,772)	(28,000)
<b>Net other financing sources (uses)</b>	<b>(401,772)</b>	<b>(402,272)</b>	<b>(430,272)</b>	<b>(28,000)</b>
<b>Net change in fund balance</b>	<b>8,404</b>	<b>(37,096)</b>	<b>(14,319)</b>	<b>22,777</b>
<b>Fund Balance, beginning of year</b>	<b>264,346</b>	<b>264,346</b>	<b>264,346</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 272,750</b>	<b>\$ 227,250</b>	<b>\$ 250,027</b>	<b>\$ 22,777</b>

# Village of Spring Lake, Michigan

## Major Street Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<i>Year ended June 30, 2004</i>				
<b>Revenues</b>				
Taxes	\$ 69,050	\$ 69,051	\$ 69,164	\$ 113
Intergovernmental	262,100	262,100	282,301	20,201
Investment earnings	1,000	1,000	702	(298)
<b>Total revenues</b>	<b>332,150</b>	<b>332,151</b>	<b>352,167</b>	<b>20,016</b>
<b>Expenditures</b>				
Current:				
Public works	124,975	122,154	118,444	3,710
Capital outlay	198,444	198,444	209,345	(10,901)
<b>Total expenditures</b>	<b>323,419</b>	<b>320,598</b>	<b>327,789</b>	<b>(7,191)</b>
<b>Excess of revenues over expenditures</b>	<b>8,731</b>	<b>11,553</b>	<b>24,378</b>	<b>12,825</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,267	1,267	-
Transfers out	(39,000)	(51,000)	(51,000)	-
<b>Net other financing sources (uses)</b>	<b>(39,000)</b>	<b>(49,733)</b>	<b>(49,733)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(30,269)</b>	<b>(38,180)</b>	<b>(25,355)</b>	<b>12,825</b>
<b>Fund Balance, beginning of year</b>	<b>111,812</b>	<b>111,812</b>	<b>111,812</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 81,543</b>	<b>\$ 73,632</b>	<b>\$ 86,457</b>	<b>\$ 12,825</b>

# Village of Spring Lake, Michigan

## Local Street Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 52,681	\$ 7,681
Investment earnings	-	-	153	153
Total revenues	45,000	45,000	52,834	7,834
<b>Expenditures</b>				
Current:				
Public works	95,367	101,367	96,761	4,606
Capital outlay	-	12,107	12,107	-
Total expenditures	95,367	113,474	108,868	4,606
Excess (deficiency) of revenues over expenditures	(50,367)	(68,474)	(56,034)	12,440
<b>Other Financing Sources</b>				
Transfers in	30,000	42,000	42,000	-
Net change in fund balance	(20,367)	(26,474)	(14,034)	12,440
<b>Fund Balance, beginning of year</b>	50,333	50,333	50,333	-
<b>Fund Balance, end of year</b>	\$ 29,966	\$ 23,859	\$ 36,299	\$ 12,440



# Village of Spring Lake, Michigan

## Police Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 7,202	\$ 4,202
Investment earnings	1,000	1,000	633	(367)
Contributions	377,602	377,602	377,602	-
Other	-	-	60	60
<b>Total revenues</b>	<b>381,602</b>	<b>381,602</b>	<b>385,497</b>	<b>3,895</b>
<b>Expenditures</b>				
Current:				
Public safety	824,874	824,874	809,448	15,426
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(443,272)</b>	<b>(443,272)</b>	<b>(423,951)</b>	<b>19,321</b>
<b>Other Financing Sources</b>				
Transfers in	443,272	443,272	443,272	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>19,321</b>	<b>19,321</b>
<b>Fund Balance, beginning of year</b>	<b>92,870</b>	<b>92,870</b>	<b>92,870</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 92,870</b>	<b>\$ 92,870</b>	<b>\$112,191</b>	<b>\$ 19,321</b>

# Village of Spring Lake, Michigan

## Tax Increment Finance Authority Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 617,393	\$ 615,435	\$ 599,432	\$ (16,003)
Intergovernmental	750,000	-	-	-
Investment earnings	10,000	5,000	4,599	(401)
<b>Total revenues</b>	<b>1,377,393</b>	<b>620,435</b>	<b>604,031</b>	<b>(16,404)</b>
<b>Expenditures</b>				
Current:				
General government	169,391	221,657	196,423	25,234
Culture and recreation	10,000	14,000	11,732	2,268
Debt Service:				
Principal	66,972	66,972	66,972	-
Interest	3,060	3,060	3,060	-
Capital outlay	725,350	35,000	-	35,000
Other	-	500	529	(29)
<b>Total expenditures</b>	<b>974,773</b>	<b>341,189</b>	<b>278,716</b>	<b>62,473</b>
Excess of revenues over expenditures	402,620	279,246	325,315	46,069
<b>Other Financing Uses</b>				
Transfers out	570,389	584,955	585,006	(51)
Net change in fund balance	(167,769)	(305,709)	(259,691)	46,018
<b>Fund Balance, beginning of year</b>	<b>440,598</b>	<b>440,598</b>	<b>440,598</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 272,829</b>	<b>\$ 134,889</b>	<b>\$ 180,907</b>	<b>\$ 46,018</b>

## **Other Supplementary Information**



# General Fund



# Village of Spring Lake, Michigan

## General Fund Schedule of Sources of Financial Resources

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Taxes:			
Property	\$ 721,615	\$ 727,458	\$ 5,843
Penalty and interest on taxes	15,833	16,695	862
Total taxes	737,448	744,153	6,705
Intergovernmental:			
State shared revenues	220,320	254,887	34,567
Licenses and permits:			
Business licenses and permits	700	930	230
Liquor licenses	3,000	2,984	(16)
Total licenses and permits	3,700	3,914	214
Charges for services:			
Cable TV franchise fees	28,000	28,238	238
Cellular tower usage	12,000	12,000	-
Zoning fees	1,000	525	(475)
Housing inspection fees	2,000	750	(1,250)
Barber School rental	4,900	3,713	(1,187)
Tanglefoot Park rental	62,280	65,578	3,298
Other services	1,000	1,098	98
Launch ramp fees	-	759	759
Dock fees - Grand Lady	-	500	500
NSF returned check fee	300	275	(25)
Community hall rental	-	60	60
Total charges for services	111,480	113,496	2,016
Investment earnings	6,000	2,380	(3,620)

# Village of Spring Lake, Michigan

## General Fund Schedule of Sources of Financial Resources

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
Contributions and reimbursements:			
Park expense reimbursements	\$ 10,000	\$ 5,797	\$ (4,203)
Reimbursements	-	355	355
Lakeside beach expansion contributions	1,299	1,299	-
Total contributions and reimbursements	11,299	7,451	(3,848)
Other:			
Leaf bag sales	100	114	14
Miscellaneous income	83	145	62
Fines, forfeitures and penalties	12,000	18,261	6,261
Total other	12,183	18,520	6,337
Total revenues	1,102,430	1,144,801	42,371
<b>Other Financing Sources</b>			
Transfers in	41,500	41,500	-
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 1,143,930</b>	<b>\$ 1,186,301</b>	<b>\$ 42,371</b>

# Village of Spring Lake, Michigan

## General Fund Schedule of Uses of Financial Resources

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>			
General government:			
Legal services	\$ 15,200	\$ 14,514	\$ 686
Village Hall and grounds	27,154	21,503	5,651
Barber Street school building	16,997	16,889	108
Zoning/Planning	41,409	41,746	(337)
Clerk/Treasurer	82,117	80,523	1,594
Village Council	4,390	2,825	1,565
Village manager's office	83,497	86,789	(3,292)
Elections	1,035	1,027	8
Total general government	271,799	265,816	5,983
Public safety:			
Fire department	9,600	9,363	237
Public works:			
Administration	190,596	198,760	(8,164)
Cultural and recreation:			
Tanglefoot Park	37,305	29,977	7,328
Parks maintenance	122,119	131,405	(9,286)
Park development	40,000	38,344	1,656
Community promotion	50,150	39,694	10,456
Recreation department	13,185	12,936	249
Total cultural and recreation	262,759	252,356	10,403
Other:			
Contingencies	2,500	2,553	(53)
Total expenditures	737,254	728,848	8,406
<b>Other Financing Uses</b>			
Transfers out	443,772	471,772	(28,000)
<b>Total Expenditures and Other Financing Uses</b>	<b>\$1,181,026</b>	<b>\$1,200,620</b>	<b>\$ (19,594)</b>

# **Nonmajor Governmental Funds**





	Special Revenue				
	Public Improvement	Historic Commission	Downtown Development Authority	Building Department	Total Special Revenue
<i>June 30, 2004</i>					
<b>Assets</b>					
Cash and investments	\$ 89,715	\$ 2,902	\$ 4,551	\$ 1,237	\$ 98,405
Accounts receivable	16,914	547	858	-	18,319
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 106,629</b>	<b>\$ 3,449</b>	<b>\$ 5,409</b>	<b>\$ 1,237</b>	<b>\$ 116,724</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 30	\$ -	\$ -	\$ 30
Accrued liabilities	-	-	-	801	801
<b>Total liabilities</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>801</b>	<b>831</b>
<b>Fund Balances</b>					
Unreserved:					
Designated for debt service	-	-	-	-	-
Undesignated	106,629	3,419	5,409	436	115,893
<b>Total fund balances</b>	<b>106,629</b>	<b>3,419</b>	<b>5,409</b>	<b>436</b>	<b>115,893</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 106,629</b>	<b>\$ 3,449</b>	<b>\$ 5,409</b>	<b>\$ 1,237</b>	<b>\$ 116,724</b>

# Village of Spring Lake, Michigan

## Nonmajor Governmental Funds Combining Balance Sheet

Debt Service					Capital Projects	
2000 Street	Water	2003 Village Hall	Downtown Development Authority	Total Debt Service	2000 Street	Total Nonmajor Funds
\$ 56,249	\$ 53,035	\$ 16,113	\$ 2,902	\$ 128,299	\$ -	\$ 226,704
10,140	9,998	30	-	20,168	-	38,487
-	-	3,734	-	3,734	-	3,734
<u>\$ 66,389</u>	<u>\$ 63,033</u>	<u>\$ 19,877</u>	<u>\$ 2,902</u>	<u>\$ 152,201</u>	<u>\$ -</u>	<u>\$ 268,925</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30
-	-	3,734	-	3,734	-	4,535
<u>-</u>	<u>-</u>	<u>3,734</u>	<u>-</u>	<u>3,734</u>	<u>-</u>	<u>4,565</u>
66,389	63,033	16,143	2,902	148,467	-	148,467
-	-	-	-	-	-	115,893
<u>66,389</u>	<u>63,033</u>	<u>16,143</u>	<u>2,902</u>	<u>148,467</u>	<u>-</u>	<u>264,360</u>
<u>\$ 66,389</u>	<u>\$ 63,033</u>	<u>\$ 19,877</u>	<u>\$ 2,902</u>	<u>\$ 152,201</u>	<u>\$ -</u>	<u>\$ 268,925</u>

<i>Year ended June 30, 2004</i>	Special Revenue				Total Special Revenue
	Public Improvement	Historic Commission	Downtown Development Authority	Building Department	
<b>Revenues</b>					
Taxes	\$ 50,711	\$ -	\$ -	\$ -	\$ 50,711
Licenses and permits	-	-	-	26,009	26,009
Investment earnings	1,358	23	33	37	1,451
Other	-	1,592	-	-	1,592
<b>Total revenues</b>	<b>52,069</b>	<b>1,615</b>	<b>33</b>	<b>26,046</b>	<b>79,763</b>
<b>Expenditures</b>					
Current:					
General government	-	2,342	40	38,220	40,602
Cultural and recreation	42,631	-	-	-	42,631
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
<b>Total expenditures</b>	<b>42,631</b>	<b>2,342</b>	<b>40</b>	<b>38,220</b>	<b>83,233</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9,438</b>	<b>(727)</b>	<b>(7)</b>	<b>(12,174)</b>	<b>(3,470)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	90,000	500	-	28,000	118,500
Transfers out	-	-	-	(33,000)	(33,000)
<b>Net other financing sources (uses)</b>	<b>90,000</b>	<b>500</b>	<b>-</b>	<b>(5,000)</b>	<b>85,500</b>
<b>Net change in fund balances</b>	<b>99,438</b>	<b>(227)</b>	<b>(7)</b>	<b>(17,174)</b>	<b>82,030</b>
<b>Fund Balances, beginning of year</b>	<b>7,191</b>	<b>3,646</b>	<b>5,416</b>	<b>17,610</b>	<b>33,863</b>
<b>Fund Balances, end of year</b>	<b>\$ 106,629</b>	<b>\$ 3,419</b>	<b>\$ 5,409</b>	<b>\$ 436</b>	<b>\$ 115,893</b>

# Village of Spring Lake, Michigan

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Debt Service					Capital Projects	Total Nonmajor Funds
2000 Street	Water	2003 Village Hall	Downtown Development Authority	Total Debt Service	2000 Street	
\$ 22,966	\$ -	\$ 55,085	\$ -	\$ 78,051	\$ -	\$ 128,762
-	-	-	-	-	-	26,009
386	441	158	-	985	11	2,447
-	-	-	-	-	-	1,592
23,352	441	55,243	-	79,036	11	158,810
-	-	-	-	-	-	40,602
-	-	-	-	-	-	42,631
20,000	78,240	-	205,000	303,240	-	303,240
21,030	40,412	64,231	18,531	144,204	-	144,204
41,030	118,652	64,231	223,531	447,444	-	530,677
(17,678)	(118,211)	(8,988)	(223,531)	(368,408)	11	(371,867)
36,153	96,798	9,260	223,411	365,622	-	484,122
-	-	-	-	-	(21,152)	(54,152)
36,153	96,798	9,260	223,411	365,622	(21,152)	429,970
18,475	(21,413)	272	(120)	(2,786)	(21,141)	58,103
47,914	84,446	15,871	3,022	151,253	21,141	206,257
\$ 66,389	\$ 63,033	\$ 16,143	\$ 2,902	\$ 148,467	\$ -	\$ 264,360

# Village of Spring Lake, Michigan

## Public Improvement Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 50,629	\$ 50,711	\$ 82
Investment earnings	500	1,358	858
<b>Total revenues</b>	<b>51,129</b>	<b>52,069</b>	<b>940</b>
<b>Expenditures</b>			
Current:			
Cultural and recreation	39,567	42,631	(3,064)
<b>Excess (deficiency) of revenues over expenditures</b>	<b>11,562</b>	<b>9,438</b>	<b>(2,124)</b>
<b>Other Financing Sources</b>			
Transfers in	90,000	90,000	-
<b>Net change in fund balance</b>	<b>101,562</b>	<b>99,438</b>	<b>(2,124)</b>
<b>Fund Balance, beginning of year</b>	<b>7,191</b>	<b>7,191</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 108,753</b>	<b>\$ 106,629</b>	<b>\$ (2,124)</b>

# Village of Spring Lake, Michigan

## Historic Commission Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ -	\$ 23	\$ 23
Other	-	1,592	1,592
<b>Total revenues</b>	-	1,615	1,615
<b>Expenditures</b>			
Current:			
General government	500	2,342	(1,842)
Deficiency of revenues over expenditures	(500)	(727)	(227)
<b>Other Financing Sources</b>			
Transfers in	500	500	-
Net change in fund balance	-	(227)	(227)
<b>Fund Balance, beginning of year</b>	3,646	3,646	-
<b>Fund Balance, end of year</b>	\$ 3,646	\$ 3,419	\$ (227)

# Village of Spring Lake, Michigan

## Downtown Development Authority Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ -	\$ 32	\$ 32
<b>Expenditures</b>			
Current:			
General government	1,000	40	960
Excess (deficiency) of revenues over expenditures	(1,000)	(8)	992
<b>Fund Balance, beginning of year</b>	5,416	5,416	-
<b>Fund Balance, end of year</b>	\$ 4,416	\$ 5,408	\$ 992

# Village of Spring Lake, Michigan

## Building Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Licenses and permits	\$ 31,100	\$ 26,009	\$ (5,091)
Investment earnings	-	37	37
<b>Total revenues</b>	<b>31,100</b>	<b>26,046</b>	<b>(5,054)</b>
<b>Expenditures</b>			
Current:			
General government	47,474	38,220	9,254
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(16,374)</b>	<b>(12,174)</b>	<b>4,200</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	28,000	28,000
Transfers out	33,000	33,000	-
<b>Net Other Financing Sources (Uses)</b>	<b>(33,000)</b>	<b>(5,000)</b>	<b>28,000</b>
<b>Net change in fund balance</b>	<b>(49,374)</b>	<b>(17,174)</b>	<b>32,200</b>
<b>Fund Balance, beginning of year</b>	<b>17,610</b>	<b>17,610</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ (31,764)</b>	<b>\$ 436</b>	<b>\$ 32,200</b>



# Village of Spring Lake, Michigan

## 2000 Street Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 20,236	\$ 22,966	\$ 2,730
Investment earnings	10	386	376
<b>Total revenues</b>	<b>20,246</b>	<b>23,352</b>	<b>3,106</b>
<b>Expenditures</b>			
Debt service:			
Principal retirement	20,000	20,000	-
Interest and fiscal charges	21,055	21,030	25
<b>Total expenditures</b>	<b>41,055</b>	<b>41,030</b>	<b>25</b>
Excess (deficiency) of revenues over expenditures	(20,809)	(17,678)	3,131
<b>Other Financing Sources</b>			
Transfers in	15,000	36,153	21,153
Net change in fund balance	(5,809)	18,475	24,284
<b>Fund Balance, beginning of year</b>	<b>47,914</b>	<b>47,914</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 42,105</b>	<b>\$ 66,389</b>	<b>\$ 24,284</b>

# Village of Spring Lake, Michigan

## Water Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ 750	\$ 441	\$ (309)
<b>Expenditures</b>			
Debt service:			
Principal retirement	78,240	78,240	-
Interest and fiscal charges	39,308	40,412	(1,104)
Total expenditures	117,548	118,652	(1,104)
Deficiency of revenues over expenditures	(116,798)	(118,211)	(1,413)
<b>Other Financing Sources</b>			
Transfers in	96,798	96,798	-
Net change in fund balance	(20,000)	(21,413)	(1,413)
<b>Fund Balance, beginning of year</b>	84,446	84,446	-
<b>Fund Balance, end of year</b>	\$ 64,446	\$ 63,033	\$ (1,413)

# Village of Spring Lake, Michigan

## 2003 Village Hall Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 55,002	\$55,085	\$ 83
Investment earnings	-	158	158
<b>Total revenues</b>	<b>55,002</b>	<b>55,243</b>	<b>241</b>
<b>Expenditures</b>			
Debt service:			
Interest and fiscal charges	64,256	64,231	25
Excess (deficiency) of revenues over expenditures	(9,254)	(8,988)	266
<b>Other Financing Sources</b>			
Transfers in	9,260	9,260	-
Net change in fund balance	6	272	266
<b>Fund Balance, beginning of year</b>	<b>15,871</b>	<b>15,871</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 15,877</b>	<b>\$16,143</b>	<b>\$ 266</b>

# Village of Spring Lake, Michigan

## Downtown Development Authority Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>			
Debt service:			
Principal retirement	\$ 205,000	\$205,000	\$ -
Interest and fiscal charges	18,361	18,531	(170)
Total expenditures	223,361	223,531	(170)
<b>Other Financing Sources</b>			
Transfers in	223,361	223,411	50
Net change in fund balance	-	(120)	(120)
<b>Fund Balance, beginning of year</b>	3,022	3,022	-
<b>Fund Balance, end of year</b>	\$ 3,022	\$ 2,902	\$ (120)

**2003 Village Hall  
Capital Projects Fund**

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# Village of Spring Lake, Michigan

## 2003 Village Hall Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended June 30, 2004</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment earnings	\$ 4,000	\$ 4,000	\$ 12,372	\$ 8,372
Other	-	10,000	7,510	(2,490)
<b>Total revenues</b>	<b>4,000</b>	<b>14,000</b>	<b>19,882</b>	<b>5,882</b>
<b>Expenditures</b>				
Current:				
Capital outlay	1,706,522	1,706,522	1,649,416	57,106
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,702,522)</b>	<b>(1,692,522)</b>	<b>(1,629,534)</b>	<b>62,988</b>
<b>Other Financing Sources (Uses)</b>				
Face amount of debt issued	68,730	68,730	-	(68,730)
Transfers in	288,028	357,327	357,327	-
Transfers out	(9,260)	(99,260)	(99,260)	-
<b>Net other financing sources (uses)</b>	<b>347,498</b>	<b>326,797</b>	<b>258,067</b>	<b>(68,730)</b>
<b>Net change in fund balance</b>	<b>(1,355,024)</b>	<b>(1,365,725)</b>	<b>(1,371,467)</b>	<b>(5,742)</b>
<b>Fund Balance, beginning of year</b>	<b>1,417,706</b>	<b>1,417,706</b>	<b>1,417,706</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 62,682</b>	<b>\$ 51,981</b>	<b>\$ 46,239</b>	<b>\$ (5,742)</b>

# **Internal Service Funds**



# Village of Spring Lake, Michigan

## Internal Service Funds Combining Statement of Net Assets

<i>June 30, 2004</i>	Central Equipment	Police Equipment	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 193,017	\$ 32,984	\$ 226,001
Accounts receivable	36,389	6,218	42,607
<b>Total current assets</b>	<b>229,406</b>	<b>39,202</b>	<b>268,608</b>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	169,262	49,898	219,160
<b>Total Assets</b>	<b>398,668</b>	<b>89,100</b>	<b>487,768</b>
<b>Liabilities</b>			
Accounts payable	1,200	1,625	2,825
Accrued liabilities	602	-	602
Current portion of long-term liabilities	23,186	-	23,186
<b>Total liabilities</b>	<b>24,988</b>	<b>1,625</b>	<b>26,613</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	169,262	49,898	219,160
Unrestricted	204,418	37,577	241,995
<b>Total Net Assets</b>	<b>\$ 373,680</b>	<b>\$ 87,475</b>	<b>\$ 461,155</b>



# Village of Spring Lake, Michigan

## Internal Service Funds Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

<i>Year ended June 30, 2004</i>	Central Equipment	Police Equipment	Total
<b>Operating Revenues</b>			
Charges for services	\$ 229,800	\$ 73,400	\$ 303,200
Interest and penalties	1,116	208	1,324
Other	(6)	145	139
Total operating revenues	230,910	73,753	304,663
<b>Operating Expenses</b>			
Personnel services	11,293	-	11,293
Materials and supplies	43,179	33,899	77,078
Benefit payments and refunds	3,805	-	3,805
Depreciation	32,832	30,620	63,452
Other	11,582	6,597	18,179
Total operating expenses	102,691	71,116	173,807
Operating income	128,219	2,637	130,856
<b>Nonoperating Revenues (Expenses)</b>			
Gain on the disposal of assets	200	3,760	3,960
Interest expense and charges	(1,716)	-	(1,716)
Total nonoperating revenues (expenses)	(1,516)	3,760	2,244
<b>Net Income</b>	126,703	6,397	133,100
<b>Net Assets, beginning of year</b>	246,977	81,078	328,055
<b>Net Assets, end of year</b>	\$ 373,680	\$ 87,475	\$ 461,155

# Village of Spring Lake, Michigan

## Internal Service Funds Combining Statement of Cash Flows

<i>Year ended June 30, 2004</i>	Central Equipment	Police Equipment	Total
<b>Cash Flows From (for) Operating Activities</b>			
Payments to suppliers	\$ (83,666)	\$ (46,115)	\$ (129,781)
Payments to employees	(11,293)	-	(11,293)
Benefit payments	(12,651)	-	(12,651)
Other payments	1,110	354	1,464
Payments from interfund services	231,516	73,400	304,916
Net cash from operating activities	125,016	27,639	152,655
<b>Cash Flows From (for) Capital and Related Financing Activities</b>			
Proceeds from sale of capital assets	200	3,760	3,960
Principal paid on long-term debt	(32,560)	-	(32,560)
Interest paid	(1,716)	-	(1,716)
Purchase of capital assets	(18,255)	(41,366)	(59,621)
Net cash for capital and related financing activities	(52,331)	(37,606)	(89,937)
<b>Net Increase (Decrease) in Cash and Investments</b>	72,685	(9,967)	62,718
<b>Cash and Investments, beginning of year</b>	120,332	42,951	163,283
<b>Cash and Investments, end of year</b>	\$ 193,017	\$ 32,984	\$ 226,001
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>From (for) Operating Activities</b>			
Operating income	\$ 128,219	\$ 2,637	\$ 130,856
Adjustments to reconcile operating income to net cash			
from (for) operating activities:			
Depreciation expense	32,832	30,620	63,452
Changes in assets and liabilities:			
Accounts receivable	(35,942)	(6,189)	(42,131)
Accounts payable	(227)	571	344
Accrued liabilities	134	-	134
<b>Net Cash From Operating Activities</b>	\$ 125,016	\$ 27,639	\$ 152,655

## Fiduciary Fund

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# Village of Spring Lake, Michigan

## Agency Fund Combining Statement of Changes in Asset and Liabilities

	Balance, July 1, 2003	Increases	Decreases	Balance, June 30, 2004
<b>Asset</b>				
Cash	\$ -	\$ 701,076	\$ 362,394	\$ 338,682
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 461,515	\$ 132,452	\$ 329,063
Due to other governments	-	239,561	229,942	9,619
<b>Total Liabilities</b>	\$ -	\$ 701,076	\$ 362,394	\$ 338,682

## **Schedules of Outstanding Bonded Indebtedness**

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Debt service requirements to maturity consist of the following:

	Governmental					
	2000 Street Bonds		1994 DD Bonds		5.13% Retail Contract	
<i>Fiscal year ending June 30,</i>	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 20,000	\$ 19,690	\$225,000	\$ 6,188	\$ 23,069	\$ 246
2006	20,000	18,705	-	-	-	-
2007	25,000	17,585	-	-	-	-
2008	30,000	16,210	-	-	-	-
2009	30,000	14,710	-	-	-	-
2010	35,000	13,085	-	-	-	-
2011	40,000	11,170	-	-	-	-
2012	40,000	9,080	-	-	-	-
2013	45,000	6,838	-	-	-	-
2014	50,000	4,307	-	-	-	-
2015	55,000	1,485	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	\$390,000	\$132,865	\$225,000	\$ 6,188	\$ 23,069	\$ 246

# Village of Spring Lake, Michigan

## General Long-Term Obligations

### Activities

Northwest Ottawa Water Supply System Bonds - 1998		2003 General Obligation Capital Improvement Bonds		2.9% Retail Contract		Total
Principal	Interest	Principal	Interest	Principal	Interest	Requirements
\$ 84,760	\$ 35,023	\$ 10,000	\$ 64,006	\$ -	\$ 6,076	\$ 494,058
93,888	31,135	10,000	63,756	209,500	6,075	453,059
133,008	26,077	30,000	63,506	-	-	295,176
129,096	20,179	35,000	62,681	-	-	293,166
126,488	14,397	35,000	61,631	-	-	282,226
125,184	8,640	35,000	60,494	-	-	277,403
122,576	2,881	35,000	59,269	-	-	270,896
-	-	35,000	57,956	-	-	142,036
-	-	35,000	56,600	-	-	143,438
-	-	30,000	55,200	-	-	139,507
-	-	35,000	53,850	-	-	145,335
-	-	40,000	52,275	-	-	92,275
-	-	45,000	50,475	-	-	95,475
-	-	50,000	48,450	-	-	98,450
-	-	60,000	46,200	-	-	106,200
-	-	65,000	43,425	-	-	108,425
-	-	75,000	40,419	-	-	115,419
-	-	80,000	36,950	-	-	116,950
-	-	90,000	33,250	-	-	123,250
-	-	100,000	29,088	-	-	129,088
-	-	110,000	24,464	-	-	134,464
-	-	120,000	19,237	-	-	139,237
-	-	130,000	13,537	-	-	143,537
-	-	155,000	7,363	-	-	162,363
\$ 815,000	\$138,332	\$1,445,000	\$ 1,104,082	\$ 209,500	\$ 12,151	\$4,501,433

<i>Fiscal year ending June 30,</i>	Business-Type					
	Grand Haven - Spring Lake Sewer Authority Bond Series B		Northwest Ottawa Water Treatment Systems Bonds - Series 1989		Northwest Ottawa Water Treatment System Bonds - 1989 Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 17,420	\$ 375	\$ 43,281	\$ 21,886	\$ 22,134	\$ 15,557
2006	-	-	46,716	18,856	23,188	14,472
2007	-	-	50,838	15,586	24,242	13,313
2008	-	-	54,960	12,002	25,296	12,052
2009	-	-	59,769	8,127	26,350	10,711
2010	-	-	65,265	4,242	26,350	9,288
2011	-	-	-	-	26,350	7,740
2012	-	-	-	-	26,350	6,192
2013	-	-	-	-	26,350	4,644
2014	-	-	-	-	26,350	3,096
2015	-	-	-	-	26,350	1,548
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
	\$ 17,420	\$ 375	\$ 320,829	\$ 80,699	\$ 279,310	\$ 98,613



# Village of Spring Lake, Michigan

## Enterprise Funds

### Activities

Northwest Ottawa Water Treatment Plant Refunding Bonds		Ottawa County 2002 Water Supply Bonds		Total
Principal	Interest	Principal	Interest	Requirements
\$ 50,219	\$ 20,761	\$ 6,950	\$ 13,665	\$ 212,248
49,306	17,120	7,943	13,343	190,944
47,937	13,520	8,936	12,976	187,348
46,567	10,021	9,929	12,562	183,389
45,654	6,622	10,922	12,103	180,258
43,829	3,243	11,915	11,596	175,728
-	-	12,908	11,038	58,036
-	-	13,901	10,431	56,874
-	-	14,894	9,774	55,662
-	-	15,887	9,061	54,394
-	-	17,376	8,280	53,554
-	-	19,362	7,411	26,773
-	-	20,851	6,443	27,294
-	-	22,837	5,377	28,214
-	-	24,823	4,207	29,030
-	-	27,305	2,923	30,228
-	-	29,787	1,899	31,686
\$283,512	\$ 71,287	\$276,526	\$153,089	\$1,581,660

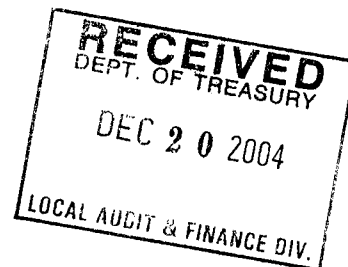


**BDO Seidman, LLP**  
Accountants and Consultants

99 Monroe Avenue NW, Suite 800  
Grand Rapids, Michigan 49503-2654  
Telephone: (616) 774-7000  
Fax: (616) 776-3680

November 12, 2004

Members of the Village Council  
Village of Spring Lake  
Spring Lake, Michigan



Dear Members:

We have audited the basic financial statements of the Village of Spring Lake as of and for the year ended June 30, 2004, and have issued our report thereon dated October 27, 2004. In planning and performing our audit, we considered the Village's internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal controls. We have not considered internal controls since the date of our report.

During our audit, we noted certain matters involving operations and procedures that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal controls or result in other operating efficiencies. Through our discussions with management, we have satisfied ourselves that our prior year recommendations have been implemented.

This memorandum is intended solely for the information and the use of the Village Council, management and others within the Village and should not be used for any other purpose.

Very truly yours,

*BDO Seidman, LLP*

# **Village of Spring Lake**

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## **Memorandum of Recommendations**

**Year Ended June 30, 2004**

# Village of Spring Lake

## Memorandum of Recommendations

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### Password Policy

Passwords are a basic internal control within an information systems (I/S) environment. They serve numerous important purposes including restricting access and helping to provide adequate separation of duties. Although the Village does utilize passwords, they are generally not required to be changed, and lockout procedures do not exist for all network accounts. This increases the risk that unauthorized individuals could repeatedly attempt to logon to the Village's systems and go undetected. Furthermore, since hacker utilities that guess passwords are commonly available on the Internet, the Village's exposure to unauthorized access appears to be high.

#### *Recommendation*

Require all passwords on the network, dial-in and significant system applications to be changed every 90 days, be a minimum of six characters and be chosen by each user. Users who are unable to properly authenticate to the system within 3 to 5 attempts should be automatically locked out of the system and remain locked until an I/S administrator unlocks their user profile. Additionally, passwords should not be synchronized among different applications.

### New Pronouncements

There are several new pronouncements that have been issued by the Governmental Accounting Standards Board (GASB) that may affect future annual financial reports issued by the Village. A brief summary of these new pronouncements is listed below:

**GASB Statement No. 40, *Deposit and Investment Risk Disclosures*** amends Statement No. 3. This pronouncement eliminates category 1 and 2 deposits and requires disclosure of custodial risk for category 3 deposits and investments. This will affect the footnote disclosures and is effective for the Village for the year ending June 30, 2005.

**GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*** deals with determining whether capital assets have been impaired and the proper reporting and disclosure of these assets. The standard also provides new financial statement presentation and disclosures relating to insurance recoveries. This pronouncement is effective for the Village for the year ending June 30, 2005.

# Village of Spring Lake

## Memorandum of Recommendations

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**GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*** applies to plans that are included as trust funds in the financial statements of the Village. This pronouncement will be effective for the Village for the year ending June 30, 2008.

**GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*** addresses how the Village should account for and report costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively these benefits are referred to as other postemployment benefits (OPEB). It will require the Village to account for OPEB essentially the same as you do for pensions. This will require an actuarial valuation for the applicable OPEB plans. This pronouncement will be effective for the Village for the year ending June 30, 2009.

### ***Recommendation***

Review the new pronouncements to determine changes necessary to ensure that the Village is in compliance with applicable financial statement and note disclosures.